

Financial Integrity and State Managers Act of 1983

Governor's Office of Planning and Research

Background and Function

The Office of Planning and Research (OPR) assists the Governor and the Administration in planning, research, policy development, legislative analysis, and acts as a liaison with local government. The major activities of OPR include:

- (1) Recommending and implementing state policies with regard to land-use and growth planning, including joint land use planning with the military;
- (2) Carrying out a program of policy research for the Governor and Cabinet;
- (3) Providing technical advice to local governments with regard to planning;
- (4) Advising permit applicants and government agencies on provisions of the California Environmental Quality Act and operating the State Clearinghouse for environmental and federal grant documents;
- (5) Preparing guidelines and providing assistance to local agency formation commissions; and
- (6) Conducting other activities as the Governor may direct.

Additionally, OPR oversees programs for small business advocacy, military affairs, eminent domain, and preservation of Indian sacred sites.

Moreover, California Volunteers (CV), the state entity charged with promoting service and volunteerism in California, is statutorily housed within OPR. Although operationally independent, CV relies on OPR for administrative functions

FIMSA Audit Process

Pursuant to instructions received from the Department of Finance, Office of State Audits and Evaluations, OPR's executive team reviewed and discussed the potential issues facing the agency.

To accomplish our review objectives, the OPR executive staff:

- Invited DOF to provide a briefing on the FIMSA audit itself and the recommended format.

- Assigned the audit exercise to each person in the administrative unit as well unit leaders.
- Reviewed each submission.

OPR General Findings

We have identified four general issues of concern: budget reductions, personnel strategies, operational efficiencies and information management. These four issues generally appear as strong themes of opportunity within the individual unit responses.

OPR is a small agency (43 employees) with a very lean budget. In order to comply with the Governor's directives to find savings within operating budgets, OPR reduced operating costs by, among other things, leaving positions vacant. Because the agency is divided into distinct units responsible for varied activities, OPR is challenged with key person dependency in a number of areas: budget, personnel, business services, building manager, accounting as well as key person dependency related to policy areas and institutional expertise, Small Business Advocate, and military advisement. This reliance on key personnel leaves the agency vulnerable to attrition, retirement and extended leaves of absences. Moreover, because OPR is a small agency with large and varied responsibilities, its ability to absorb increased workload demands is directly dependent on the availability of manpower hours and additional budget allocations. OPR could benefit from using collaborative, cross unit approaches more frequently in order to leverage skill sets, achieve maximum efficiency, and reduce duplicative efforts.

Recommendations

- Continue regularly scheduled staffing meetings so that unit leaders are kept apprised of OPR priorities and able to offer assistance and expertise to other units.
- Require the executive staff and unit leaders to create succession plans and use operational systems and/or procedural manuals in order to develop back-up expertise within the units.
- Develop Personal Action Plans or conduct annual career conversations to assist with skills growth and career pathing.
- Implement and maintain procedural manuals and operational guidelines in order to create systems which instill continuity and clarity.
- Continue all operational protocols installed by the Governor's Office to ensure compliance related to IT and internal operations in order to leverage operations of scale as well as security safeguards.

Findings from Individual Units

Legislative and Research and Policy Units

OPR relies on the Governor's Office main server to protect and store electronic data. Both units rely on past work (bill analyses, enrolled bill reports, bill proposal, memos, scrubs, research documents, etc) which staff often uses as a critical resource in performing their current work. The units retain both hard and electronic copies of these documents. The electronic copy is critical, since documents are electronically searched and documents culled for information to be copied to current work product. If saved data

files were to be lost or destroyed, individual units would be forced to recreate the data files, unable to electronically search files, and forced to retype pertinent information. This would significantly impact their ability to quickly turnaround Governor's Office requests or meet legislative deadlines.

Recommendation:

- Continue to follow Governor's Office IT document/data saving procedures and security protocols.

State Clearinghouse/Planning Unit

The State Clearinghouse (SCH) coordinates the distribution of environmental documents prepared under the California Environmental Quality Act (CEQA) to State agencies for their review and comment. Any disruption to their system to process these documents greatly impacts their ability to meet statutory obligations and timelines and affects other state agencies. At this time, documents are submitted in hard copy format and distributed via mail to the appropriate state agencies. Electronic receipt and distribution could speed the submission and review process significantly, creating efficiencies with collection, routing of documents, and data storage and sorting as well as potentially creating efficiencies in other agencies.

Pursuant to statute (Fish and Game Code §711.4) OPR is required to be a pass through agency for the collection of fish and game fees related to local planning: "The filing fee shall be paid to the county clerk at the time of filing a notice of determination pursuant to §21152 of that code or to the Office of Planning and Research at the time of filing a notice of determination pursuant to §21108 of that code, as appropriate." In 2006, OPR was responsible for processing and depositing \$144,950. This responsibility creates an unnecessary liability to OPR as well as creates extra administrative workload.

Recommendations:

- Pursue the possibility of updating data systems in order to receive, distribute and store CEQA documents electronically. This would create efficiencies in both receipt and distribution, significantly reducing the cost of manual processing and mailings. Resources could be redirected to improving customer service tasks through hiring.
- Pursue legislation to redirect the collection of funds directly to Fish and Game or pursue the appropriate administrative fee to cover OPR's costs to process the fees.

Administration Unit

OPR does not use line-item budget reporting to track operational expenditures by unit and description. Such an accounting system would make it easier to project budgets; track expenditures by date, unit and type; collect reimbursements for personal use of state property; and adjust expenditures.

OPR employees do not consistently submit monthly timesheets in a timely manner, impacting the ability to balance and close-out monthly accounts. Moreover, it creates additional workload to adjust future paychecks if insufficient leave time was available.

OPR has been budgeting for the Office of the Secretary of Education with the first six months funding for a fiscal year in OPR and the second six months in OSE. This is due to the annual methodology used by DOF and the Legislature for OSE. This split funding approach adds a level of complexity for two relatively small straightforward General Fund budgets. This results in an increased need for coordinating the two budgets throughout the budget process for Schedule 10s, planning estimates, language sheets, etc.

Recommendations:

- Implement a detailed expenditure analysis immediately.
- Implement systems to remind employees to submit timesheets punctually and, notify the executive staff when timesheets are tardy. DONE
- Revisit the proposal to consolidate the funding for OSE's two six-month periods of the fiscal year into one Budget Act item to greatly simplify the budgeting process.

Small Business Advocate and Advisory for Military Affairs Units

OPR's web page contains basic information on the offices and duties of the Small Business Advocate and the Advisory on Military Affairs. Both could benefit from a more robust webpage, which could be more tailored to their respective audiences and interactive by linking to various related resources.

The success of these offices is dependent upon personal relationships and their ability to actively represent or interface with their constituents within the Administration and state government. Any reduction in personnel/operations support, communication avenues, and outreach activities due to budget cuts could hamper their ability to be effective, potentially damaging the Administration's credibility in the field.

Recommendations:

- Collaborate with the Governor's Office IT and communications units to revamp the OPR website to better highlight the activities and services of the Small Business Advocate and Military Advisor.
- Analyze OPR's entire operating budget to ensure that vital activities within these units are prioritized for effectiveness and insulated, as appropriate, from budget reductions.

California Volunteers

California Volunteers must rely on the administrative functions of OPR: business services, personnel, facility management (phones), budget, etc. This overlap and interface is often times cumbersome due to the varied systems used by CV, OPR and the

Governor's Office. The lack of documented systems and procedures makes it difficult to efficiently complete required activities independently without the need for explanation or redo because it was not done correctly.

Recommendations:

- Undertake a thorough audit of the interfacing operations and administrative functions in order to develop a common system and produce an operations manual.